

ORDINANCE NO. _____, SERIES 2008

AN ORDINANCE ESTABLISHING AN AFFORDABLE HOUSING TRUST FUND AND AFFORDABLE HOUSING TRUST FUND BOARD [AS AMENDED].

SPONSORED BY: Councilwoman Tina Ward-Pugh

WHEREAS, a safe, decent place to live is one of life's basic necessities that enables individuals and families to meet other basic necessities and save for their future; and

WHEREAS, an adequate stock of housing that is affordable to families and individuals is not just necessary to maintain stable families and vibrant neighborhoods, it's also essential to the economic health of our city and region; and

WHEREAS, the number of people living in poverty in Jefferson County grew from 84,114 in 2000 to 93,646 in 2004; and

WHEREAS, the percentage of population living in poverty grew from 12.4% in 2000 to 13.6% in 2004; and

WHEREAS, there are 2,200 households on the Public Housing waiting list and 11,266 households on the Section 8 housing voucher waiting list; and

WHEREAS, according to HUD, fair market rent for a 2 bedroom apartment is \$584 in Metro Louisville, and according to Greater Louisville, Inc., the average rent for a 2-bedroom apartment is \$700; and

WHEREAS, a social security income recipient (receiving \$579 monthly) can afford monthly rent of no more than \$174, while the fair market rent for a one-bedroom apartment is nearly \$500; and

~~**WHEREAS**, 46.5% of renters in Louisville pay more than 30% of their household income on housing in 2004; and~~

WHEREAS, since the mid-1970's the federal housing budget has decreased by 48%; and

WHEREAS, charitable contributions to Metro United Way in Louisville have decreased by ~~8.4%~~ 6.3% between 2001 and 2005; and

WHEREAS, there has been a 400% increase in foreclosures in Louisville since 1996; and

~~**WHEREAS**, 1,051 households containing~~ 11,251 men, women, and children and 490 unaccompanied youth used Louisville homeless services in 2005; and

WHEREAS, 6,000 homeless children are in the Jefferson County Public School System; and

WHEREAS, Affordable Housing Trust Funds are an exciting new model for funding critically needed affordable housing; and

WHEREAS, Affordable Housing Trust Funds are distinct funds established by a governmental entity to permanently dedicate a renewable public revenue source to support local affordable housing efforts; and

WHEREAS, nationally, Affordable Housing Trust Funds have been part of the solution to housing problems for over 350 governmental entities struggling to offer affordable housing for their citizens; and

WHEREAS, an Affordable Housing Trust Fund has gained significant community support with over 90 organizational endorsers, more than 1500 postcards to the Mayor and Metro Council members and two rallies attended by 350 people; and

WHEREAS, Mayor Abramson created an Affordable Housing Trust Fund Task Force, comprised of over 20 people from varied constituencies, and charged the Task Force with finding creative ways to create a sustainable and renewable fund to provide affordable housing opportunities throughout the Louisville community; and

WHEREAS, based upon the recommendations of the Mayor's Affordable Housing Trust Fund Task Force, the Mayor and the Metro Council have determined that it is in the best interests of Louisville Metro and its residents to provide financial resources to address the Affordable Housing needs of the residents of Louisville Metro by promoting, preserving, and producing long-term Affordable Housing and providing housing-related services consistent with the Mayor's Comprehensive Housing Strategy; and

WHEREAS, the Mayor and the Metro Council have further determined that the creation of an Affordable Housing Trust Fund Board is appropriate to govern the management and administration of the Affordable Housing Trust Fund, assess needs and set policy.

NOW, THEREFORE, BE IT ORDAINED BY THE METRO COUNCIL AS FOLLOWS:

SECTION 1. Creation, Management and Administration. There is hereby established the Affordable Housing Trust Fund, to be held as a separate fund, for the purpose of advancing Affordable Housing opportunities. The fund shall be governed by an Affordable Housing Trust Fund Board as set out in Section 6 of this ordinance.

Louisville Metro Government, by and through its Department of Finance and Administration, or its successor, may, at the direction of the Affordable Housing Trust Fund Board, be responsible for the day-to-day maintenance and management of the

Affordable Housing Trust Fund operations, pursuant to the policies established by the Affordable Housing Trust Fund Board. The day-to-day fiscal maintenance and management shall be undertaken pursuant to the approved investment policies and practices used by Louisville Metro Government for other similarly held funds.

The funding objective is to lay the foundation for an Affordable Housing Trust Fund (“the Fund”) that annually invests \$10 million dollars into affordable housing projects. A multi-year approach will be necessary to achieve full and adequate funding for the Affordable Housing Trust Fund. The Fund shall be established as a separate, nonprofit, exempt organization under the provisions of KRS Chapter 273 and Title 26, Section 501(c)(3) of the United States Code.

SECTION 2. Purpose. The purpose of the Affordable Housing Trust Fund is to receive monies and disburse monies to ~~address~~ organizations dedicated to addressing the affordable housing needs of individuals and families of low- and moderate-income households by promoting, preserving, and producing long-term Affordable Housing and providing housing-related services to low- and moderate-income households. The Affordable Housing Trust Fund may provide financial support for a wide variety of eligible activities ~~that serve~~ to organizations serving persons in low- and moderate-income households, including, without limitation: (a) seniors on fixed incomes; (b) persons with disabilities who require accessible affordable housing; (c) persons employed in Louisville Metro but financially unable to live in Louisville Metro; (d) single-parent families, and (e) households with incomes as defined in Section 3 of this Ordinance. A needs assessment shall be done as determined by the Affordable

Housing Trust Fund Board and staff within the first year of operation and shall occur at least every three years.

SECTION 3. Households Served by the Affordable Housing Trust Fund

All funds shall be used for eligible activities benefiting households according to the following allocations. For the purposes of the Affordable Housing Trust Fund the term “household” includes one-person households as well as households of a larger number.

A. Any funds from a public source, such as general revenue, whether state or local, taxes, fees or other public sources shall be allocated so that:

1. 50% of any public dollars allocated to the Trust shall be dedicated to serving households at or below 50% Area Median Income (AMI); and

2. The remaining 50% shall serve households at or below 80% AMI (this includes households below 50% AMI).

B. The Trust shall be authorized to accept private gifts, grants, donations, and other contributions and may use these funds to serve households at or below 110% AMI (this includes households below 80% AMI or 50% AMI).

SECTION 4. Distribution and Use of Housing Trust Fund.

- 1) **Revenue Source.** In addition to the initial deposit of funds, the Mayor and Metro Council may establish revenue sources and appropriate funds for deposit in the Fund from time to time. Other private monies and or donations may be accepted. The Affordable Housing Trust Fund Board shall work to create revenue.
- 2) **Distribution.** The Affordable Housing Trust Fund Board will establish the policies and governance of the Trust Fund. Day to day operations shall be done by the Department of Housing & Family Services, Affordable Housing Trust Fund Division in accordance with the requirements of this Chapter and Board policy and instructions. Distribution of funds from the Affordable Housing Trust Fund shall be in the form of grants or loans or such other funding mechanisms that

support the purposes of the Affordable Housing Trust Fund. Any unexpended balance of the Affordable Housing Trust Fund remaining at the close of a fiscal year shall not lapse but shall continue into the succeeding fiscal year for future eligible activities, pursuant to the requirements of this Chapter.

- 3) All revenues recaptured from loans or unfulfilled grants shall be returned to the Affordable Housing Trust Fund for future use.

SECTION 5. Types of Eligible Activities. Housing-related activities that may receive Affordable Housing Trust Fund resources include, but are not limited to the following:

- 1) Homeownership and Rental
 - Acquisition
 - New Construction Financing
 - Rehabilitation Construction Financing
 - Emergency Repair
 - Down Payment Assistance
 - Permanent Financing
 - Temporary Rental Assistance
 - Production
 - Maintenance
 - Safety (lead based paint, weatherization, etc.)
- 2) Technical Assistance Training
 - Developer Service Providers
 - Training for Low-Income Housing Consumer
- 3) Support Services
 - Developer Service Provider
 - Training for low-income housing consumer
 - Accessibility Rehabilitation and Repair activities
- 4) Programs that directly impact stable, safe, affordable housing
 - Foreclosure Intervention
 - Individual Development Accounts
- 5) Any other activity that the Affordable Housing Trust Fund Board (described below in Section 6) determines would address the Louisville Metro's affordable housing needs.

SECTION 6. Affordable Housing Trust Fund Board.

- 1) Created.** There is hereby created an Affordable Housing Trust Fund Board consisting of 13 members appointed by the Mayor and approved by the Metro Council for a term of three years, except that of members first appointed, 4 shall be appointed for one-year terms, and 4 shall be appointed for two-year terms.

The members shall elect a chair of the Board. The members shall consist of:

- a. 1 member from the banking community, such as a Community Reinvestment Officer
- b. 1 member At-Large
- c. 1 eligible or current affordable housing consumer, either owner or renter
- d. 1 low income housing advocate
- e. 1 Metro-Council member appointed by the Metro Council President
- f. 1 neighborhood association representative
- g. 1 member from the Metro Government directly reporting to the Mayor with housing expertise but who does not directly supervise the AHTF Metro staff.
- h. 1 non-profit developer, such as New Directions, Habitat for Humanity, or The Housing Partnership
- i. 1 social service provider
- j. 1 member from the Homebuilders Association of Louisville
- k. 1 member from the Apartment Association of Louisville
- l. 1 representative of homeless individuals
- m. 1 member from the Greater Louisville Association of Realtors

- 2) Duties.** The Affordable Housing Trust Fund Board shall:

1. Establish and maintain an independent, professionally managed, fiscally accountable fund
2. Establish policies and procedures for Trust operations including disbursement of funds
3. Establish procedures for monitoring and evaluating the Trust's activities
4. Develop responsibilities for reporting to the public and elected officials by producing an annual report to the community and Metro Council including audited financial reports
5. Identify and pursue sources of revenue and financing for the Affordable Housing Trust Fund, leveraging local, state and federal funds with private sector investment.
6. Coordinate the Trust activities with communitywide approaches to meeting affordable housing needs
7. Seek additional funds, both private and public, to support Trust activities

8. Ensure a timely disbursement of funds subject to a timeframe to be determined by the governing board.

3) Staffing. There shall be within the Louisville Metro Department of Housing & Family Services, an Affordable Housing Trust Fund Division, and the Office of Executive Director of the Affordable Housing Trust Fund. The Mayor shall appoint said Executive Director in accordance with the qualifications and standards established by the Louisville Metro Department of Human Resources, subject to approval of the Affordable Housing Trust Fund Board. The Executive Director will provide executive direction to and management of staff for the purposes of carrying out the responsibilities of the Trust. The Executive Director will not be a member of the governing board, and shall:

- *Operate the corporation with fiscal discipline*
- *Develop and execute Trust operations to deliver funding grants for affordable housing and related programs consistent with the Trust's mission and legislative mandates*
- *Develop new fund raising strategies to grow the balance of the Trust*
- *Prepare an annual report to the community on the Trust's activities*

4) Vacancies. Vacancies shall be filled by the Mayor and approved by the Metro Council for the unexpired portion of the term.

5) Conflicts of Interest

A. No Affordable Housing Trust Fund Board member shall participate in the discussion of or vote upon any funding or grant request by an organization on which said Board member or ~~his/her spouse~~ family member is (1) a board member, trustee, director or officer; (2) a consultant or contractor to the organization; (3) actively involved in the formulation of the funding request; or, (4) a management or executive employee of the organization. This includes a bar upon the Board

member's participation in any issue relating to the grant or contract after it is entered into, such as a dispute regarding, or modification to, the terms of the grant or contract.

B. While grants may be made to organizations that employ a Board Member, advisor, or family member of a Board Member, advisor, or staff member, or that contract for the provision of goods or services from any of those individuals, no grant to such an organization shall include funds designated to pay the compensation for such employment, goods, or services.

SECTION 7. This Ordinance shall take effect upon its passage and approval.

Kathleen J. Herron
Metro Council Clerk

Jim King
President of the Council

Jerry E. Abramson
Mayor

Approval Date

APPROVED AS TO FORM AND LEGALITY:

Irv Maze
Jefferson County Attorney

BY: _____

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